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FILED

MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
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CHAPTER 312

SENATE BILL 1531

AN ACT

AMENDING SECTIONS 28-8202, 28-8345, 42-1116, 42-5029 AND 42-5353, ARIZONA
REVISED STATUTES; AMENDING LAWS 2016, CHAPTER 125, SECTION 12;
APPROPRIATING MONIES; RELATING TO REVENUE BUDGET RECONCILIATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 28-8202, Arizona Revised Statutes, is amended to read:

28-8202. State aviation fund

A. ~~A~~ THE state aviation fund is established consisting of the following:

1. Aviation fuel taxes or motor vehicle fuel taxes deposited by the department.

2. Monies deposited by the department as a result of the sale of an abandoned aircraft as defined in section 28-8243 or seized aircraft.

3. The amount of flight property tax that the department of revenue has deposited pursuant to section 42-14255.

4. Registration fees, license taxes and penalties collected pursuant to article 4 of this chapter.

5. Monies received by the department from the operation of airports under this article and articles 2 through 5 of this chapter.

6. THE AMOUNT OF JET FUEL EXCISE TAX AND JET FUEL USE TAX THAT THE DEPARTMENT OF REVENUE HAS DEPOSITED PURSUANT TO SECTION 42-5353.

B. On notice from the department, the state treasurer shall invest and divest monies in the state aviation fund as provided by section 35-313, and monies earned from investment shall be credited to the fund.

C. The department shall administer monies that are appropriated by the legislature from the state aviation fund.

D. The board shall distribute monies appropriated to the department from the state aviation fund for planning, design, development, acquisition of interests in land, construction and improvement of publicly owned and operated airport facilities in counties, incorporated cities and towns and Indian reservations. The board shall distribute these monies according to the needs for these facilities as determined by the board. No more than ten ~~per cent~~ PERCENT of the average annual revenue that the fund received for the past three years may be awarded to any one airport in grants in any fiscal year. For the purposes of this subsection, "publicly owned and operated airport facility" means an airport and appurtenant facilities in which one or more agencies, departments or instrumentalities of this state, a city, town or county of this state or an Indian tribe or tribal government holds an interest in the land on which the airport is located that is clear of any reversionary interest, lien, easement, lease or other encumbrance that might preclude or interfere with the possession, use or control of the land for public airport purposes for a minimum period of twenty years.

Sec. 2. Section 28-8345, Arizona Revised Statutes, is amended to read:

28-8345. Registration fees; penalties; taxes; distribution

A. Monies received from the registration fees collected pursuant to this article shall be ~~deposited~~ TRANSMITTED TO THE STATE TREASURER,

pursuant to sections 35-146 and 35-147, ~~in the state aviation fund.~~ FOR DISTRIBUTION AS FOLLOWS:

1. 50 PERCENT IN THE STATE GENERAL FUND.

2. 35 PERCENT IN THE STATE AVIATION FUND ESTABLISHED BY SECTION 28-8202 FOR USE IN THE CONSTRUCTION, DEVELOPMENT AND IMPROVEMENT OF AIRPORTS.

3. 9.5 PERCENT TO COUNTIES IN THE PROPORTION THAT THE POPULATION OF EACH COUNTY BEARS TO THE TOTAL POPULATION OF THIS STATE.

4. 5.5 PERCENT TO INCORPORATED CITIES AND TOWNS IN THE PROPORTION THAT THE POPULATION OF EACH CITY OR TOWN BEARS TO THE TOTAL POPULATION OF THIS STATE. MONIES DISTRIBUTED PURSUANT TO THIS PARAGRAPH MAY BE USED BY THE CITY OR TOWN FOR ANY PURPOSE PERMITTED BY LAW.

B. Monies received from civil penalties collected pursuant to this article shall be deposited, pursuant to sections 35-146 and 35-147, in the state general fund.

~~B. C. Not later than the fifteenth day of each month, the department shall transmit monies received from the taxes imposed under this article to the state treasurer who shall deposit the monies in the state aviation fund for use in the construction, development and improvement of airports PURSUANT TO SUBSECTION A OF THIS SECTION.~~

Sec. 3. Section 42-1116, Arizona Revised Statutes, is amended to read:

42-1116. Disposition of tax revenues

A. The department of revenue shall promptly deposit, pursuant to sections 35-146 and 35-147, all monies it collects from the taxes administered pursuant to this article except the telecommunication services excise tax, separately accounting for each type of tax and each tax classification within each type of tax. At the same time the department of revenue shall also furnish copies of the transmittal schedules to the director of the department of administration.

B. Except as provided by subsection C of this section, the department shall deposit all monies and remittances received under this section to the credit of the following specific funds and accounts:

1. Amounts sufficient to meet the requirements for tax refunds to the tax refund account established by section 42-1117.

2. Amounts sufficient to meet the requirements of urban revenue sharing to the urban revenue sharing fund established by section 43-206.

3. Amounts collected pursuant to chapter 5, articles 1 and 5 of this title ~~and section 42-5352, subsection A~~ to the transaction privilege and severance tax clearing account established by section 42-5029.

4. Amounts sufficient to meet the requirements of section 42-3104 to the corrections fund.

5. Amounts sufficient to meet the requirements of section 49-282, subsection B relating to the water quality assurance revolving fund.

6. All remaining monies to the state general fund.

1 C. From the monies and remittances received under this section,
2 each month beginning July 2001 the state treasurer shall transmit to the
3 tourism and sports authority, established by title 5, chapter 8, for
4 deposit in its facility revenue clearing account established by section
5 5-834 one-twelfth of the amount reported by the department pursuant to
6 section 43-209.

7 Sec. 4. Section 42-5029, Arizona Revised Statutes, is amended to
8 read:

9 42-5029. Remission and distribution of monies; withholding;
10 definition

11 A. The department shall deposit, pursuant to sections 35-146 and
12 35-147, all revenues collected under this article and articles 4, 5 and 8
13 of this chapter pursuant to section 42-1116, separately accounting for:

14 1. Payments of estimated tax under section 42-5014, subsection D.

15 2. Revenues collected pursuant to section 42-5070.

16 3. Revenues collected under this article and article 5 of this
17 chapter from and after June 30, 2000 from sources located on Indian
18 reservations in this state.

19 4. Revenues collected pursuant to section 42-5010, subsection G and
20 section 42-5155, subsection D.

21 B. The department shall credit payments of estimated tax to an
22 estimated tax clearing account and each month shall transfer all monies in
23 the estimated tax clearing account to a fund designated as the transaction
24 privilege and severance tax clearing account. The department shall credit
25 all other payments to the transaction privilege and severance tax clearing
26 account, separately accounting for the monies designated as distribution
27 base under sections 42-5010, 42-5164, ~~AND 42-5205 and 42-5353~~. Each
28 month the department shall report to the state treasurer the amount of
29 monies collected pursuant to this article and articles 4, 5 and 8 of this
30 chapter.

31 C. On notification by the department, the state treasurer shall
32 distribute the monies deposited in the transaction privilege and severance
33 tax clearing account in the manner prescribed by this section and by
34 sections 42-5164, ~~AND 42-5205 and 42-5353~~, after deducting warrants drawn
35 against the account pursuant to sections 42-1118 and 42-1254.

36 D. Of the monies designated as distribution base, and subject to
37 the requirements of section 42-5041, the department shall:

38 1. Pay twenty-five percent to the various incorporated
39 municipalities in this state in proportion to their population to be used
40 by the municipalities for any municipal purpose.

41 2. Pay 38.08 percent to the counties in this state by averaging the
42 following proportions:

43 (a) The proportion that the population of each county bears to the
44 total state population.

1 (b) The proportion that the distribution base monies collected
2 during the calendar month in each county under this article, section
3 42-5164, subsection B, ~~AND section 42-5205, subsection B and section~~
4 ~~42-5353~~ bear to the total distribution base monies collected under this
5 article, section 42-5164, subsection B, ~~AND section 42-5205, subsection B~~
6 ~~and section 42-5353~~ throughout the state for the calendar month.

7 3. Pay an additional 2.43 percent to the counties in this state as
8 follows:

9 (a) Average the following proportions:

10 (i) The proportion that the assessed valuation used to determine
11 secondary property taxes of each county, after deducting that part of the
12 assessed valuation that is exempt from taxation at the beginning of the
13 month for which the amount is to be paid, bears to the total assessed
14 valuations used to determine secondary property taxes of all the counties
15 after deducting that portion of the assessed valuations that is exempt
16 from taxation at the beginning of the month for which the amount is to be
17 paid. Property of a city or town that is not within or contiguous to the
18 municipal corporate boundaries and from which water is or may be withdrawn
19 or diverted and transported for use on other property is considered to be
20 taxable property in the county for purposes of determining assessed
21 valuation in the county under this item.

22 (ii) The proportion that the distribution base monies collected
23 during the calendar month in each county under this article, section
24 42-5164, subsection B, ~~AND section 42-5205, subsection B and section~~
25 ~~42-5353~~ bear to the total distribution base monies collected under this
26 article, section 42-5164, subsection B, ~~AND section 42-5205, subsection B~~
27 ~~and section 42-5353~~ throughout the state for the calendar month.

28 (b) If the proportion computed under subdivision (a) of this
29 paragraph for any county is greater than the proportion computed under
30 paragraph 2 of this subsection, the department shall compute the
31 difference between the amount distributed to that county under paragraph 2
32 of this subsection and the amount that would have been distributed under
33 paragraph 2 of this subsection using the proportion computed under
34 subdivision (a) of this paragraph and shall pay that difference to the
35 county from the amount available for distribution under this paragraph.
36 Any monies remaining after all payments under this subdivision shall be
37 distributed among the counties according to the proportions computed under
38 paragraph 2 of this subsection.

39 4. After any distributions required by sections 42-5030,
40 42-5030.01, 42-5031, 42-5032, 42-5032.01 and 42-5032.02, and after making
41 any transfer to the water quality assurance revolving fund as required by
42 section 49-282, subsection B, credit the remainder of the monies
43 designated as distribution base to the state general fund. From this
44 amount the legislature shall annually appropriate to:

1 (a) The department of revenue sufficient monies to administer and
2 enforce this article and articles 5 and 8 of this chapter.

3 (b) The department of economic security monies to be used for the
4 purposes stated in title 46, chapter 1.

5 (c) The firearms safety and ranges fund established by section
6 17-273, fifty thousand dollars derived from the taxes collected from the
7 retail classification pursuant to section 42-5061 for the current fiscal
8 year.

9 E. If approved by the qualified electors voting at a statewide
10 general election, all monies collected pursuant to section 42-5010,
11 subsection G and section 42-5155, subsection D shall be distributed each
12 fiscal year pursuant to this subsection. The monies distributed pursuant
13 to this subsection are in addition to any other appropriation, transfer or
14 other allocation of public or private monies from any other source and
15 shall not supplant, replace or cause a reduction in other school district,
16 charter school, university or community college funding sources. The
17 monies shall be distributed as follows:

18 1. If there are outstanding state school facilities revenue bonds
19 pursuant to title 15, chapter 16, article 7, each month one-twelfth of the
20 amount that is necessary to pay the fiscal year's debt service on
21 outstanding state school improvement revenue bonds for the current fiscal
22 year shall be transferred each month to the school improvement revenue
23 bond debt service fund established by section 15-2084. The total amount
24 of bonds for which these monies may be allocated for the payment of debt
25 service shall not exceed a principal amount of eight hundred million
26 dollars exclusive of refunding bonds and other refinancing obligations.

27 2. After any transfer of monies pursuant to paragraph 1 of this
28 subsection, twelve per cent of the remaining monies collected during the
29 preceding month shall be transferred to the technology and research
30 initiative fund established by section 15-1648 to be distributed among the
31 universities for the purpose of investment in technology and
32 research-based initiatives.

33 3. After the transfer of monies pursuant to paragraph 1 of this
34 subsection, three per cent of the remaining monies collected during the
35 preceding month shall be transferred to the workforce development account
36 established in each community college district pursuant to section 15-1472
37 for the purpose of investment in workforce development programs.

38 4. After transferring monies pursuant to paragraphs 1, 2 and 3 of
39 this subsection, one-twelfth of the amount a community college that is
40 owned, operated or chartered by a qualifying Indian tribe on its own
41 Indian reservation would receive pursuant to section 15-1472, subsection
42 D, paragraph 2 if it were a community college district shall be
43 distributed each month to the treasurer or other designated depository of
44 a qualifying Indian tribe. Monies distributed pursuant to this paragraph
45 are for the exclusive purpose of providing support to one or more

1 community colleges owned, operated or chartered by a qualifying Indian
2 tribe and shall be used in a manner consistent with section 15-1472,
3 subsection B. For the purposes of this paragraph, "qualifying Indian
4 tribe" has the same meaning as defined in section 42-5031.01,
5 subsection D.

6 5. After transferring monies pursuant to paragraphs 1, 2 and 3 of
7 this subsection, one-twelfth of the following amounts shall be transferred
8 each month to the department of education for the increased cost of basic
9 state aid under section 15-971 due to added school days and associated
10 teacher salary increases enacted in 2000:

11 (a) In fiscal year 2001-2002, \$15,305,900.

12 (b) In fiscal year 2002-2003, \$31,530,100.

13 (c) In fiscal year 2003-2004, \$48,727,700.

14 (d) In fiscal year 2004-2005, \$66,957,200.

15 (e) In fiscal year 2005-2006 and each fiscal year thereafter,
16 \$86,280,500.

17 6. After transferring monies pursuant to paragraphs 1, 2 and 3 of
18 this subsection, seven million eight hundred thousand dollars is
19 appropriated each fiscal year, to be paid in monthly installments, to the
20 department of education to be used for school safety as provided in
21 section 15-154 and two hundred thousand dollars is appropriated each
22 fiscal year, to be paid in monthly installments to the department of
23 education to be used for the character education matching grant program as
24 provided in section 15-154.01.

25 7. After transferring monies pursuant to paragraphs 1, 2 and 3 of
26 this subsection, no more than seven million dollars may be appropriated by
27 the legislature each fiscal year to the department of education to be used
28 for accountability purposes as described in section 15-241 and title 15,
29 chapter 9, article 8.

30 8. After transferring monies pursuant to paragraphs 1, 2 and 3 of
31 this subsection, one million five hundred thousand dollars is appropriated
32 each fiscal year, to be paid in monthly installments, to the failing
33 schools tutoring fund established by section 15-241.

34 9. After transferring monies pursuant to paragraphs 1, 2 and 3 of
35 this subsection, twenty-five million dollars shall be transferred each
36 fiscal year to the state general fund to reimburse the general fund for
37 the cost of the income tax credit allowed by section 43-1072.01.

38 10. After the payment of monies pursuant to paragraphs 1 through 9
39 of this subsection, the remaining monies collected during the preceding
40 month shall be transferred to the classroom site fund established by
41 section 15-977. The monies shall be allocated as follows in the manner
42 prescribed by section 15-977:

43 (a) Forty per cent shall be allocated for teacher compensation
44 based on performance.

1 (b) Twenty per cent shall be allocated for increases in teacher
2 base compensation and employee related expenses.

3 (c) Forty per cent shall be allocated for maintenance and operation
4 purposes.

5 F. The department shall credit the remainder of the monies in the
6 transaction privilege and severance tax clearing account to the state
7 general fund, subject to any distribution required by section 42-5030.01.

8 G. Notwithstanding subsection D of this section, if a court of
9 competent jurisdiction finally determines that tax monies distributed
10 under this section were illegally collected under this article or articles
11 5 and 8 of this chapter and orders the monies to be refunded to the
12 taxpayer, the department shall compute the amount of such monies that was
13 distributed to each city, town and county under this section. Each
14 city's, town's and county's proportionate share of the costs shall be
15 based on the amount of the original tax payment each municipality and
16 county received. Each month the state treasurer shall reduce the amount
17 otherwise distributable to the city, town and county under this section by
18 one thirty-sixth of the total amount to be recovered from the city, town
19 or county until the total amount has been recovered, but the monthly
20 reduction for any city, town or county shall not exceed ten per cent of
21 the full monthly distribution to that entity. The reduction shall begin
22 for the first calendar month after the final disposition of the case and
23 shall continue until the total amount, including interest and costs, has
24 been recovered.

25 H. On receiving a certificate of default from the greater Arizona
26 development authority pursuant to section 41-2257 or 41-2258 and to the
27 extent not otherwise expressly prohibited by law, the state treasurer
28 shall withhold from the next succeeding distribution of monies pursuant to
29 this section due to the defaulting political subdivision the amount
30 specified in the certificate of default and immediately deposit the amount
31 withheld in the greater Arizona development authority revolving fund. The
32 state treasurer shall continue to withhold and deposit the monies until
33 the greater Arizona development authority certifies to the state treasurer
34 that the default has been cured. In no event may the state treasurer
35 withhold any amount that the defaulting political subdivision certifies to
36 the state treasurer and the authority as being necessary to make any
37 required deposits then due for the payment of principal and interest on
38 bonds of the political subdivision that were issued before the date of the
39 loan repayment agreement or bonds and that have been secured by a pledge
40 of distributions made pursuant to this section.

41 I. Except as provided by sections 42-5033 and 42-5033.01, the
42 population of a county, city or town as determined by the most recent
43 United States decennial census plus any revisions to the decennial census
44 certified by the United States bureau of the census shall be used as the
45 basis for apportioning monies pursuant to subsection D of this section.

J. Except as otherwise provided by this subsection, on notice from the department of revenue pursuant to section 42-6010, subsection B, the state treasurer shall withhold from the distribution of monies pursuant to this section to the affected city or town the amount of the penalty for business location municipal tax incentives provided by the city or town to a business entity that locates a retail business facility in the city or town. The state treasurer shall continue to withhold monies pursuant to this subsection until the entire amount of the penalty has been withheld. The state treasurer shall credit any monies withheld pursuant to this subsection to the state general fund as provided by subsection D, paragraph 4 of this section. The state treasurer shall not withhold any amount that the city or town certifies to the department of revenue and the state treasurer as being necessary to make any required deposits or payments for debt service on bonds or other long-term obligations of the city or town that were issued or incurred before the location incentives provided by the city or town.

K. On notice from the auditor general pursuant to section 9-626, subsection D, the state treasurer shall withhold from the distribution of monies pursuant to this section to the affected city the amount computed pursuant to section 9-626, subsection D. The state treasurer shall continue to withhold monies pursuant to this subsection until the entire amount specified in the notice has been withheld. The state treasurer shall credit any monies withheld pursuant to this subsection to the state general fund as provided by subsection D, paragraph 4 of this section.

L. Except as otherwise provided by this subsection, on notice from the attorney general pursuant to section 41-194.01, subsection B, paragraph 1 that an ordinance, regulation, order or other official action adopted or taken by the governing body of a county, city or town violates state law or the Constitution of Arizona, the state treasurer shall withhold the distribution of monies pursuant to this section to the affected county, city or town and shall continue to withhold monies pursuant to this subsection until the attorney general certifies to the state treasurer that the violation has been resolved. The state treasurer shall redistribute the monies withheld pursuant to this subsection among all other counties, cities and towns in proportion to their population as provided by subsection D of this section. The state treasurer shall not withhold any amount that the county, city or town certifies to the attorney general and the state treasurer as being necessary to make any required deposits or payments for debt service on bonds or other long-term obligations of the county, city or town that were issued or incurred before committing the violation.

M. For the purposes of this section, "community college district" means a community college district that is established pursuant to sections 15-1402 and 15-1403 and that is a political subdivision of this

1 state and, unless otherwise specified, includes a community college
2 tuition financing district established pursuant to section 15-1409.

3 Sec. 5. Section 42-5353, Arizona Revised Statutes, is amended to
4 read:

5 42-5353. Administration; disposition of revenues

6 ~~A.~~ Unless the context otherwise requires, article 1 of this chapter
7 governs the administration of the tax imposed under this article. MONIES
8 RECEIVED FROM THE TAXES COLLECTED PURSUANT TO SECTION 42-5352 SHALL BE
9 DEPOSITED IN THE STATE AVIATION FUND ESTABLISHED BY SECTION 28-8202.

10 ~~B. Forty per cent of the revenue derived from the tax imposed by~~
11 ~~section 42-5352, subsection A is designated as distribution base and shall~~
12 ~~be distributed pursuant to section 42-5029, subsection D.~~

13 ~~C. Sixty per cent of the revenue derived from the tax imposed by~~
14 ~~section 42-5352, subsection A shall be credited to the state general fund.~~

15 ~~D. One hundred per cent of the revenue derived from the tax imposed~~
16 ~~by section 42-5352, subsection B shall be credited to the state general~~
17 ~~fund.~~

18 Sec. 6. Laws 2016, chapter 125, section 12 is amended to read:

19 Sec. 12. Department of liquor licenses and control; fiscal
20 years 2014-2015 and 2015-2016; exemption

21 A. The appropriation of \$626,700 from the liquor licenses fund
22 established by section 4-120, Arizona Revised Statutes, in fiscal year
23 2014-2015 to the department of liquor licenses and control for a licensing
24 replacement system pursuant to Laws 2014, chapter 18, section 55 is exempt
25 from the provisions of section 35-190, Arizona Revised Statutes, relating
26 to lapsing of appropriations until June 30, ~~2017~~ 2018.

27 B. The appropriation of \$400,000 from the liquor licenses fund
28 established by section 4-120, Arizona Revised Statutes, in fiscal year
29 2015-2016 to the department of liquor licenses and control for a licensing
30 replacement system pursuant to Laws 2015, chapter 8, section 63 is exempt
31 from the provisions of section 35-190, Arizona Revised Statutes, relating
32 to lapsing of appropriations until June 30, ~~2017~~ 2018.

33 Sec. 7. Department of gaming; regulatory assessment;
34 pari-mutuel pool

35 Notwithstanding section 5-104, Arizona Revised Statutes, in fiscal
36 year 2017-2018, the department of gaming shall establish and collect a
37 regulatory assessment from each commercial racing permittee, payable from
38 amounts deducted from pari-mutuel pools by the permittee, in addition to
39 the amounts the permittee is authorized to deduct pursuant to section
40 5-111, subsection B, Arizona Revised Statutes, from amounts wagered on
41 live and simulcast races from in-state and out-of-state wagering handled
42 by the permittee, in the amount of 0.5 percent of the amounts wagered.

1 Sec. 8. Appropriations; department of transportation; local
2 governments; highways; fiscal years 2017-2018 and
3 2018-2019

4 A. Notwithstanding any other law, the sum of \$30,000,000 is
5 appropriated on a onetime basis from the highway expansion and extension
6 loan program fund established by section 28-7674, Arizona Revised
7 Statutes, in each of fiscal years 2017-2018 and 2018-2019 to the
8 department of transportation for distribution as follows:

- 9 1. To the counties, 33.231 percent.
10 2. To the incorporated cities and towns, 48.097 percent.
11 3. To incorporated cities with a population of three hundred
12 thousand or more persons, 5.247 percent.
13 4. To counties with a population of more than eight hundred
14 thousand persons, 13.425 percent.

15 B. The allocation and distribution made pursuant to subsection A,
16 paragraphs 1, 2 and 3 of this section shall be made as prescribed in
17 section 28-6540, Arizona Revised Statutes. The allocation and
18 distribution made pursuant to subsection A, paragraph 4 of this section
19 shall be made as prescribed in section 28-6538, subsection B, Arizona
20 Revised Statutes.

21 C. The amounts appropriated in this section may be used only for
22 the direct costs of constructing, reconstructing, maintaining or repairing
23 public highways, streets or bridges and direct costs of rights-of-way
24 acquisitions and expenses related thereto.

25 Sec. 9. Arizona highway user revenue fund; distributions;
26 fiscal years 2018-2019 and 2019-2020; intent

27 A. Notwithstanding any other law, before the distribution of
28 revenues of the Arizona highway user revenue fund pursuant to section
29 28-6538, Arizona Revised Statutes, the department of transportation shall
30 allocate and the state treasurer shall distribute \$30,000,000 in fiscal
31 year 2018-2019 and \$60,000,000 in fiscal year 2019-2020 as follows:

- 32 1. To the counties, 33.231 percent.
33 2. To the incorporated cities and towns, 48.097 percent.
34 3. To incorporated cities with a population of three hundred
35 thousand or more persons, 5.247 percent.
36 4. To counties with a population of more than eight hundred
37 thousand persons, 13.425 percent.

38 B. The allocation and distributions made pursuant to subsection A,
39 paragraphs 1, 2 and 3 of this section shall be made as prescribed in
40 section 28-6540, Arizona Revised Statutes. The allocation and
41 distribution made pursuant to subsection A, paragraph 4 of this section
42 shall be made as prescribed in section 28-6538, subsection B, Arizona
43 Revised Statutes.

1 C. The amounts appropriated in this section may be used only for
2 the direct costs of constructing, reconstructing, maintaining or repairing
3 public highways, streets or bridges and direct costs of rights-of-way
4 acquisitions and expenses related thereto.

5 D. It is the intent of the legislature that the fiscal year
6 2019-2020 distribution be matched by a \$30,000,000 reduction to the
7 Arizona highway user revenue fund appropriation to the department of
8 public safety. It is also the intent of the legislature that the state
9 general fund appropriation to the department of public safety be increased
10 by \$30,000,000 in fiscal year 2019-2020 so as to not allow the shift to
11 impact the operations of the department.

12 Sec. 10. Department of insurance; fee and assessment
13 adjustment suspension

14 Notwithstanding section 20-167, subsection F, Arizona Revised
15 Statutes, and section 20-466, subsection J, Arizona Revised Statutes, the
16 director of insurance may not revise fees or assessments in fiscal year
17 2017-2018 for the purpose of meeting the requirement to recover at least
18 ninety-five percent but not more than one hundred ten percent of the
19 department of insurance's appropriated budget.

20 Sec. 11. Radiation regulatory agency; fees; increases;
21 intent; rulemaking exemption

22 A. Notwithstanding any other law, the director of the radiation
23 regulatory agency may increase fees in fiscal year 2017-2018 for services
24 provided in fiscal year 2017-2018.

25 B. It is the intent of the legislature that the revenue generated
26 by the fees collected pursuant to subsection A of this section not exceed
27 \$561,000.

28 C. The radiation regulatory agency shall deposit monies received
29 from any fees increased pursuant to subsection A of this section in the
30 radiation regulatory fee fund established by section 30-658, Arizona
31 Revised Statutes.

32 D. The radiation regulatory agency is exempt from the rulemaking
33 requirements of title 41, chapter 6, Arizona Revised Statutes, until July
34 1, 2018 for the purpose of increasing fees pursuant to this section.

35 Sec. 12. Agricultural fees; continuation; intent; rulemaking
36 exemption

37 A. Notwithstanding any other law, the director of the Arizona
38 department of agriculture, with the assistance of the department of
39 agriculture advisory council, may continue existing fees from fiscal year
40 2016-2017 in fiscal year 2017-2018 for services provided in fiscal year
41 2017-2018.

42 B. It is the intent of the legislature that the additional revenue
43 generated by the fees prescribed in subsection A of this section not
44 exceed \$218,000 to the state general fund, \$113,000 to the pesticide trust
45 fund established by section 3-350, Arizona Revised Statutes, and \$26,000

1 to the dangerous plants, pests and diseases trust fund established by
2 section 3-214.01, Arizona Revised Statutes, in fiscal year 2017-2018.

3 C. The Arizona department of agriculture is exempt from the
4 rulemaking requirements of title 41, chapter 6, Arizona Revised Statutes,
5 until July 1, 2018 for the purpose of establishing fees pursuant to this
6 section.

7 Sec. 13. Department receivership revolving fund; use; intent

8 A. Notwithstanding section 6-135.01, Arizona Revised Statutes, in
9 fiscal year 2017-2018 the superintendent of the department of financial
10 institutions may use monies in the department receivership revolving fund
11 established by section 6-135.01, Arizona Revised Statutes, for
12 expenditures on an electronic licensing system.

13 B. It is the intent of the legislature that expenditures in fiscal
14 years 2013-2014, 2014-2015, 2015-2016, 2016-2017 and 2017-2018 on an
15 electronic licensing system as prescribed in subsection A of this section
16 not exceed a total of \$850,000.

17 Sec. 14. Department of financial institutions; financial
18 services fund

19 Notwithstanding any other law, the department of financial
20 institutions may use the financial services fund established by section
21 6-991.21, Arizona Revised Statutes, in fiscal year 2017-2018 for general
22 operating expenditures of the department.

23 Sec. 15. County fiscal obligations; report

24 A. Notwithstanding any other law, for fiscal year 2017-2018, a
25 county with a population of less than two hundred fifty thousand persons
26 according to the 2010 United States decennial census may meet any county
27 fiscal obligation from any source of county revenue designated by the
28 county, including monies of any countywide special taxing jurisdiction of
29 which the board of supervisors serves as the board of directors. Under
30 the authority provided in this subsection, a county may not use more than
31 \$1,250,000 for purposes other than the purposes of the revenue source.

32 B. On or before October 1, 2017, all counties with a population of
33 less than two hundred fifty thousand persons according to the 2010 United
34 States decennial census shall report to the director of the joint
35 legislative budget committee whether the county used a revenue source for
36 purposes other than the purposes of the revenue source to meet a county
37 fiscal obligation pursuant to subsection A of this section and, if so, the
38 specific source and amount of revenues that the county intends to use in
39 fiscal year 2017-2018.

40 Sec. 16. Legislative intent

41 It is the intent of the legislature that in fiscal year 2017-2018
42 the fees prescribed in section 42-5041, subsection B, Arizona Revised
43 Statutes, be assessed and collected pursuant to the following guidelines:

1 1. The total fees for all counties, cities, towns, councils of
2 governments and regional transportation authorities may not exceed
3 \$20,755,835 in any fiscal year.

4 2. The share of fees assessed to all counties pursuant to paragraph
5 1 of this section shall be in proportion to the aggregate amount of monies
6 distributed to counties for the fiscal year two years preceding the
7 current fiscal year pursuant to sections 42-5029, 42-6103, 42-6107,
8 42-6108, 42-6108.01, 42-6109, 42-6109.01, 42-6110, 42-6111 and 42-6112,
9 Arizona Revised Statutes, as a percentage of aggregate distributions to
10 all counties, cities, towns, councils of governments and regional
11 transportation authorities located in a county with a population of more
12 than four hundred thousand persons for the fiscal year two years preceding
13 the current fiscal year pursuant to sections 42-5029, 42-6001, 42-6103,
14 42-6105, 42-6106, 42-6107, 42-6108, 42-6108.01, 42-6109, 42-6109.01,
15 42-6110, 42-6111, 42-6112 and 43-206, Arizona Revised Statutes.

16 3. The share of fees assessed to all cities and towns pursuant to
17 paragraph 1 of this section shall be in proportion to the aggregate amount
18 of monies distributed to cities and towns for the fiscal year two years
19 preceding the current fiscal year pursuant to sections 42-5029, 42-6001
20 and 43-206, Arizona Revised Statutes, as a percentage of aggregate
21 distributions to all counties, cities, towns, councils of governments and
22 regional transportation authorities located in a county with a population
23 of more than four hundred thousand persons for the fiscal year two years
24 preceding the current fiscal year pursuant to sections 42-5029, 42-6001,
25 42-6103, 42-6105, 42-6106, 42-6107, 42-6108, 42-6108.01, 42-6109,
26 42-6109.01, 42-6110, 42-6111, 42-6112 and 43-206, Arizona Revised
27 Statutes.

28 4. The share of fees assessed to all councils of governments
29 pursuant to paragraph 1 of this section shall be in proportion to the
30 aggregate amount of monies distributed to all councils of governments for
31 the fiscal year two years preceding the current fiscal year pursuant to
32 section 42-6105, Arizona Revised Statutes, as a percentage of aggregate
33 distributions to all counties, cities, towns, councils of governments and
34 regional transportation authorities located in a county with a population
35 of more than four hundred thousand persons for the fiscal year two years
36 preceding the current fiscal year pursuant to sections 42-5029, 42-6001,
37 42-6103, 42-6105, 42-6106, 42-6107, 42-6108, 42-6108.01, 42-6109,
38 42-6109.01, 42-6110, 42-6111, 42-6112 and 43-206, Arizona Revised
39 Statutes.

40 5. The share of fees assessed to all regional transportation
41 authorities located in a county with a population of more than four
42 hundred thousand persons pursuant to paragraph 1 of this section shall be
43 in proportion to the aggregate amount of monies distributed to all
44 regional transportation authorities located in a county with a population
45 of more than four hundred thousand persons for the fiscal year two years

1 preceding the current fiscal year pursuant to section 42-6106, Arizona
2 Revised Statutes, as a percentage of aggregate distributions to all
3 counties, cities, towns, councils of governments and regional
4 transportation authorities located in a county with a population of more
5 than four hundred thousand persons for the fiscal year two years preceding
6 the current fiscal year pursuant to sections 42-5029, 42-6001, 42-6103,
7 42-6105, 42-6106, 42-6107, 42-6108, 42-6108.01, 42-6109, 42-6109.01,
8 42-6110, 42-6111, 42-6112 and 43-206, Arizona Revised Statutes.

9 6. Except as provided by sections 42-5033 and 42-5033.01, Arizona
10 Revised Statutes, the population of a county as determined by the most
11 recent United States decennial census plus any revision to the decennial
12 census certified by the United States census bureau shall be used as the
13 basis for apportioning monies pursuant to paragraph 2 of this section.

14 7. Except as provided by sections 42-5033 and 42-5033.01, Arizona
15 Revised Statutes, the population of a city or town as determined by the
16 most recent United States decennial census plus any revision to the
17 decennial census certified by the United States census bureau shall be
18 used as the basis for apportioning monies pursuant to paragraph 3 of this
19 section.

20 Sec. 17. Retroactivity

21 Laws 2016, chapter 125, section 12, as amended by this act, and
22 section 7 of this act apply retroactively to from and after June 30, 2017.

APPROVED BY THE GOVERNOR MAY 12, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 12, 2017.

Passed the House May 5, 20 17,

Passed the Senate May 8, 20 17,

by the following vote: 35 Ayes,

by the following vote: 17 Ayes,

24 Nays, 1 Not Voting

13 Nays, 0 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

8th day of May, 20 17,

at 11:25 o'clock A. M.

[Signature]
Secretary to the Governor

Approved this 12th day of

May, 20 17,

at 8:26 o'clock A. M.

[Signature]
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 12 day of May, 20 17,

at 3:14 o'clock P M.

[Signature]
Secretary of State

S.B. 1531